

MINUTE ITEM

7/12/66

23. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 6149.

After consideration of Calendar Item 6 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO PHILLIPS PETROLEUM COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2205.1 THROUGH JANUARY 21, 1967, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 6 (1 page)

6.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 6149.

An application has been received from Phillips Petroleum Company requesting a deferment of drilling requirements to January 21, 1967.

Oil and Gas Lease P.R.C. 2205.1, containing approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Phillips Petroleum Company, Edwin W. Pauley, et al., pursuant to competitive public bidding.

Phillips, as operator for the lessees, has drilled eleven wells on the lease to date. Three of the eleven wells were redrilled without being redesignated. The last drilling operations were conducted on March 24, 1964, and currently two wells are producing.

The operator estimates that it has expended \$4,932,000 in developing the lease, and believes that the known reserves have been developed. Its exploration efforts on the remainder of the lease have failed to find other reserves. The Commission, since June 22, 1961, has granted deferments of drilling requirements through July 21, 1966, except for the period covered by the drilling of the last well.

The current development efforts of Phillips consist of an engineering study of the existing reservoir, which was begun August 1, 1962. Phillips states the study is still in progress.

In order to continue this study, and in order to permit further review of geological and geophysical data, Phillips has requested an additional six-month deferment.

In review it is noted that if Phillips had delayed drilling until required under the terms of the lease, and then delayed each subsequent new start 120 days as permitted, the program would have been sufficient to satisfy drilling requirements through approximately December 13, 1966.

In conformance with current Commission practice of granting deferments for periods not in excess of six months,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO PHILLIPS PETROLEUM COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2205.1 THROUGH JANUARY 21, 1967, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.